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## AMERICAN INTERESTS IN CHINA: THE EXACT SITUATION

*By Rev. Gilbert Reid, D.D., of The International Institute of China*

It is now becoming clear that the war going on in Europe affects not only all European countries, but countries the other side of the globe—countries spoken of as at “the ends of the earth,” of which China is the most conspicuous member. The way all countries, particularly China, are affected will be seen to be, on careful investigation, a way to be reprehended rather than to be encouraged. The effects are bad, without any apparent good.

One further reflection on these extraordinary conditions is this: American interests in China, as well as China herself, are being affected in a way serious, but intricate and obscure. Men’s views about the two groups of belligerents, or rather their personal prejudices, come in to re-shape the whole policy of America’s position in China. I will cite some expressions made in China, and some in America, all of which show that the American-Chinese question is after all an international question.

There are three American enterprises being projected in China. One the railway enterprise and Grand Canal conservation scheme of Siems and Carey of St. Paul, backed up by New York financiers. The second is an industrial loan to China from Chicago bankers. The third is the Chinese-American Products Exchange Company, initiated by ex-Mayor Rose of Milwaukee, and espoused by enterprising men in the southern states.

The big enterprise of Siems and Carey, on being made known, was at once opposed by the legations in Peking of Great Britain, Russia, France and Japan. It may here be noticed that these four nations are bound together in the Entente. The mere fact that these four nations have rail-

way schemes and concessions of their own is not sufficient reason for their seeking hot-haste to obstruct an American scheme and concession. Germany has had and still has, in spite of the war, railway schemes and concessions, but at no time has she frustrated the plans of Americans. The opposition has largely died away through firm stand taken by both the United States and China, but it has shown that these four Entente nations have some very lop-sided ideas concerning the "open door" in China.

The circumstances attending the opposition to the industrial loan by Chicago bankers are very much of the same character. The bankers of the same four Entente countries were the ones to hasten to make inquiries or enter protests. The other member of the quintuple group, the German banker—not yet ejected from the group—was rather in favor of re-participation by Americans in the loan business. These four nations had no money to lend, why should they oppose an American loan? Even Japan, the most flourishing of the four, has been anxious to borrow from America to push business in China. This opposition has also died away, but it ought to be a lesson to American business men to discriminate more accurately between friends and foes.

We now come to the third American enterprise, not latest in its initiation, but latest in receiving publicity, namely, the Chinese-American Products Exchange Company. We give special attention to this enterprise, because the opposition it has received has come, not from the Entente peoples, but from fellow-Americans. It will be found, however, that this American opposition may be traced back to a decidedly strong attraction to the Entente as distinct from the Central Powers. Herein the fruitage of the war shows itself in a most peculiar fashion.

American interests in China are supposed to have the support of two so-called American papers in China. The one is *The China Press*, with an American editor and British staff and patronage. The other is *The Far Eastern Review*, with George Bronson Rea, an American, as publisher, and W. H. Donald, a Britisher, as editor.

For once *The China Press* has a leader of its own. More surprising, it is on American interests. Still more surprising, it contains a criticism of the Entente. The criticism, however, is only a quotation from *The New York Times*. This is a safe process. The leader deals with the second enterprise mentioned above, that of Chicago bankers. The criticism from the great New York paper, generally pro-Ally, is in the following language:

Although Great Britain, France and Russia are borrowing hundreds of millions here, and are unable to lend, their bankers have sent to China a protest against the small loan of \$5,000,000 which the Chinese Government recently obtained from the Continental and Commercial Bank of Chicago. Japanese bankers join in making complaint.

*The Far Eastern Review* for November has separate articles on each of these three great enterprises. The one, on the first enterprise, backed by New York bankers, is commendatory. The one, on the move of Chicago financiers, treats the matter casually and even with a little dubiousness. The one, on the third enterprise, is severe in its condemnation.

Concerning the loan from Chicago bankers, it is said: "Whether it ever will be consummated remains to be seen." And this, though a telegram from home informs us, that "the loan has been three times over-subscribed in the Western States." Then why so dubious? The editor explains: "There are international strings to trip up "trespassers" in the field devoted to administrative and "industrial" loans just as there are in the field of railway loans. Some of these are now being encountered, as witness the opposition of the Consortium of Bankers at Peking, and the protest made by the Banque Industrielle with respect to the security." This is the hindrance objected to by *The New York Times*.

The article on the third enterprise appears under the name of George Bronson Rea. He has only contempt for the westerners and southerners and Pacific Coast men, who are striking out on a new line, free from the control of New York financiers.

The main idea in the minds of those concerned in this third enterprise is that the Southern Cotton States should get into *direct* business relation with China. The plan does away with so many intermediaries, whether they are in Manchester, England, or in New York. One of the objects is thus stated:

To shift the cotton trade with China from its present route via Liverpool to a direct route through the Panama Canal, cutting out the Liverpool exchange; and to shift the tea trade between China and the United States by cutting out Manchester middle men.

Another object is this:

To establish two shipping lines for the handling of the company's merchandise, one to ply between Norfolk, Va., and San Pedro, Cal., touching at Southern Atlantic and Gulf ports, and another with headquarters on the Pacific Coast to make regular sailings with the Orient.

This is very much the kind of business proposition which I advocated, when at home the last time, at the Convention of Cotton Manufacturers held in Richmond, Virginia, and in addresses at Charleston, Spartanburg and Greenville of South Carolina, in Augusta, Georgia, in Cincinnati, Ohio, and in Chicago. I urged direct business between, for instance, the port of Charleston and Shanghai, China. There should be a big corporation, I said, to sell the cotton goods at all the centres of China, in imitation of the direct methods of the Standard Oil Company and the Tobacco Trust. I found that this proposition, quite naturally, was opposed by New York firms. It is now objected to by *The Far Eastern Review* for the same reason, but more out of sympathy for the British in the present war. The war thus intrudes itself into this new business enterprise of "live" Americans.

Let us hear the wail that arises from George Bronson Rea, as he thinks of the possibilities of this newly-formed Corporation:

The men of Britain are today fighting and cheerfully dying in the trenches to preserve a great principle, vital to the future peace and security of America. If they fail, it will not be long

before the men of America will in turn have to defend the same principle. The great financiers of the United States will not support a scheme at this time having for its object the undermining of Manchester's preëminence in the cotton markets of the world; they have placed themselves on record that the great wealth which has rolled into their coffers as the result of the misfortunes of Europe, shall not be actively employed against them during the war to take away or undermine their trade; on the contrary, they hold that the huge war profits are to be held to assist and coöperate with the others in reëstablishing their stricken industries and reviving their foreign trade. This reflects the true American spirit. The *Far Eastern Review* has accepted this declaration of the American bankers uttered through their mouthpiece, Mr. Willard D. Straight, as final, and cannot therefore support any scheme whereby the credit of the Chinese Government is to be employed to strengthen a German-American attempt to circumvent this doctrine of red-blooded Americanism.

Since when have Americans received from Britons, either here, in China, or anywhere else in the world such favors, benignant consideration, equitable treatment, as to make all Americans morally obligated to rescue Manchester trade in England's sad hour of adversity?

American trade during this war has been hampered, annoyed, checked, ruined, almost exclusively by Britons. Legitimate trade in ordinary articles of daily use has met with no restriction from Germans or Austrians. Even the Japanese, so far as they were free agents, have competed in a business way, and not in terms of war. The only American trade injured by Germany has been "ammunition" trade directed "against Germany and in behalf of England."

If American cotton manufacturers and shippers can avoid the indirect route of Liverpool and Manchester, and can do business in a direct way with China, they would be "big fools," whatever the color of their patriotism, if they neglected the opportunity or shrank from the duty.

That which shows the inner mind of Mr. George Bronson Rea is in the words: "a German-American attempt." The men associated with the father of the clerk of the United States Court for China, men who receive the support of both the American and Chinese Governments should be blacklisted at once by the all-powerful, British Government.

If sufficient pressure can now be brought to bear on these two neutral Governments, trade may be saved for Manchester and relief given to the bewildered British Empire.

Mr. George Bronson Rea also sounds the alarm thus:

Reading between the lines of the above article, there is every evidence that a huge German-American intrigue has been successfully carried through for the purpose of undermining the position of Great Britain in the cotton and tea trade.

The names which stand back of this new enterprise do not disclose any German connection. Mr. Rose, indeed, comes from Milwaukee, "the stronghold of German-American propaganda in the United States," but, so far as I know, Americans of German extraction are as good business men as those of English stock, or those related by marriage with English, French, Italian and Serbian nobility.

Mr. Rea proves his point by the fact that some on the directorship are "with pronounced Teutonic names." The only ones, however, with a dubious spelling are Herman A. Metz and Carl Eshy. The former is much respected in New York city, having not only been elected to the House of Representatives, but has served on the board of education and board of charities in the great metropolis. Still, he has Teutonic blood, and should no longer receive respect of civilized men. (I am glad my own name is not Teutonic!)

Mr. Carl Eshy comes from Savannah, and even if his ancestors, as of most of the kings of Europe, are Teutonic, his training in the beautiful southern city of Savannah should be able to polish him up properly and restore him to good company.

The American commercial attachè, Mr. Julian H. Arnold, the department of commerce, and the American government, favor the enterprise, but this fact only lays them open to special criticism.

Other names are of persons of prominence. Mr. Charles Denby is in the group. So a former cabinet minister, under President Cleveland, Senator Hoke Smith of Georgia, and with him Senator Fletcher of Florida, and Dr. Clarence J. Owens. The last is president of the Company.

So far as I know, Mr. George Bronson Rea and Mr. W. H. Donald are both anti-Japanese and anti-German. As between England and America they are more pro-English than pro-American.

This new Company may perhaps be a little anti-British, seeing how the British have injured American trade. The directors are pro-American, and, in the operations of the Company, pro-Chinese.

This is all. There is no reason for an American to oppose American enterprise.

We now notice some ideas which have been put forth from the American end of American-Chinese enterprise.

Papers from home give us the information that the promotion of American interests in China is receiving more and more serious consideration from American business men. Merchants are beginning to see the need of government support. Trade and politics as yet cannot be separated. The time may come when commerce will rely on the worth and capacity of the business man, not on extraneous support of governments, but that time has not yet come. If merchants of one country look for openings in other lands as provided by a department of state, other merchants must ask and secure a similar support, or fail in the competition. Thus it is that "dollar diplomacy" is again being talked of among Americans.

One of the most powerful of American organizations is the American Manufacturers' Export Association. Its headquarters are in Philadelphia. Consequently many of its leaders are in sympathy with the sentiment of the Eastern States rather than of the Western and Southern.

This Association has more than once formed plans for pushing trade in American machinery among the Republics of Central and South America, and also in China and Russia. Some of these schemes as directed to China have come to naught, after considerable expenditure of money. Still, these men of enterprise do not lose their energy, zeal or ambition. They are men with big ideas. If China in the long run proves a barren soil for these ideas, these men, never disheartened, will simply turn to other countries. China not America, will be the loser.



The president of this Association at present is the well-known manufacturer, financier and man of public affairs, Alba B. Johnson. He has lately found it necessary to present to the Secretary of State, Mr. Lansing, a strong, but courteous, statement on the hindrance to American trade in China. I am not sure that he reads aright the political conditions of the Far East. He holds, however, a common view, one that has been put forth as Gospel truth by Mr. George Bronson Rea and Mr. Thomas F. Millard.

In May of last year this Manufacturers' Association had pointed out to the State Department the new danger. It was that

Japan, taking advantage of the occupation of other World Powers with their now affairs, was about to take strong measures in carrying out her designs with respect to China in a manner which seriously threatened the interests of American trade.

Personally I see no more objection to the Japanese having the farsightedness to form plans for replacing the European powers in the trade line, through the unusual opportunities of a protracted war, than for Americans to seize the same chance. The American government would be demeaning itself to countenance such jealousy on the part of American business men. In all probability, so far as trade in China is concerned, the Japanese during this new form of opportunity will outstrip Americans except in the case of powerful trusts like the Standard Oil. The Japanese have many advantages, and legitimate ones, too, over far-away and inexperienced Americans. Rather than try to bring political influence to bear for tripping up the nimble Japanese, it is wiser to heed Judge Gary's suggestion of co-operation between Americans and Japanese.

The American Manufacturers' Association, through its capable president, under date of November 15, has again come forward to ask the American government to put a check on a new form of Japanese energy. Reference is made to demands arising from the Cheng-Chiatun incident.

As between China and Japan, I have all along maintained that in nearly every feature of the incident Japan has

placed herself in the wrong. She loses, not perhaps in trade or in exhibition of military strength, but in gaining the confidence and esteem of the Chinese people.

As between Japan and America, the latter country cannot interfere in the Cheng-Chiatun incident.

Mr. Johnson refers thus to the Japanese menace:

The history of the Japanese activities in Manchuria is the history of the almost complete loss of American trade, not a little of which was formerly enjoyed by the members of this Association. Should the present demands be granted by China, what little business is now done by Americans with the Chinese will be cut off or reduced still further.

The American government may be appealed to concerning danger to the sovereignty of China, whether from Japan or any other country, but not concerning American business failure to keep up with the Japanese. America, along with other countries, has a treaty with China for the recognition and maintenance of China's sovereignty. Four countries have an agreement with Japan to the same end of guaranteeing China's sovereignty. Here, but not over trade, there is need for American interference or inter-position.

Mr. Johnson centers his whole thought on the trade question, and therein shows a lack of breadth of mind. The same narrow conception leads him to make Japan the menace to American interests in China. If he had understood the real conditions prevailing here, he would have described England as the menace. However, for Mr. Alba B. Johnson to have complained to the state department of England's restraint on American trade, American prestige, American rights, and American independence of individual action, in China, as he has complained of Japan, would have required a species of courage and a conviction of soul, which have been lacking in American appreciation of the far-reaching effects of the part played by the various belligerents in the war. It is somewhat a fad among certain enterprising Americans to reproach Japan. Another fad is to condone everything done by England.

At the beginning of the war England described Germany as the menace in the Far East. Japan was invited to eject

the menace. Japan recognized her opportunity, and has since struggled hard to replace Germany and everybody else, thanks to England's solicitude of soul.

In these two years and more, American merchants, and all other Americans with American ideas, have found themselves hampered, opposed, condemned, boycotted, ostracised, not so much by the Japanese, as by the Britons. The claim is that it is all legitimate, though the law set in motion is English, in contradistinction to fundamental international laws embodied in Hague Conventions, in the Declaration of Paris, and even in Viscount Grey's Declaration of London.

As between the Entente Powers and the Central Powers, American interests of the regular, permanent kind have been, in countless ways, hindered by the former, but not by the latter. As between the European members of the Entente, and Japan, the one outside member, unless we include therein British colonies, American interests have been checked and hampered by all of them, but more by Britain, France and Russia (the others are rather negative factors) than by Japan. It is therefore a question of proportions. The situation needs to be analyzed, and each separate element needs to be weighed in the scales, and then the comparison made.

Politics touch commerce. Diplomacy and business go together. American business men, in pushing new enterprises in China, need to have a thorough knowledge of the situation, and not be carried off their feet by war passions, which should be left to the belligerents. They should know what rights they have and do not have, and, having taken proper action and a correct position, should with resolution hold on, with full backing of the American Government, in the face of all kinds of opposition.